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No. 91-968

Supreme Court, U.S.
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IN THE

Supreme Court of the United States

October Term, 1991

JIM BEAM BRANDS CO.

Petitioner,

vs.

BEAMISH & CRAWFORD, LTD.,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Second Circuit

BRIEF IN OPPOSITION TO THE PETITION FOR A WRIT OF CERTIORARI

THOMAS M. GIBSON
Counsel of Record

MARTIN P. ENDRES
HEDMAN, GIBSON & COSTIGAN, P.C.
1185 Avenue of the Americas
New York, New York 10036
(212) 302-8989

Counsel For Respondent
Beamish & Crawford, Ltd.

January 10, 1992

STATEMENT OF INTERESTS

Pursuant to Supreme Court Rule 29.1, respondent Beamish & Crawford p.l.c. identifies its parent companies and subsidiaries (except wholly owned subsidiaries) as follows:

Carling O'Keefe Breweries of Canada Limited is the parent company of Beamish & Crawford p.l.c. Carling O'Keefe Breweries is a wholly owned subsidiary of Elders IXL Limited, incorporated in South Australia.

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BRIEF IN OPPOSITION TO THE PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Respondent hereby requests that this Court deny issuance of a writ of certiorari to review a decision of the United States Court of Appeals for the Second Circuit entered June 19, 1991 and an order denying rehearing entered September 12, 1991.

I. Opinions Below

Respondent accepts and adopts the Petitioner's recitation of the Opinions Below presented in the Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit, except as disputed herein.

II. JURISDICTION

Respondent accepts and adopts the Petitioner's recitation of the Jurisdiction presented in the Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit.

III. STATUTES INVOLVED

Respondent accepts and adopts the Petitioner's recitation of the statutes presented in the Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit.

IV. STATEMENT OF THE CASE

This case involves a question of trademark infringement.

The Petitioner, Jim Beam Brands, alleges that the Respondent's trademark BEAMISH for stout infringes the various JIM BEAM and BEAM trademarks for distilled spirits, mainly bourbon and whiskey.

The procedural history of this case originated with the Patent and Trademark Office granting registration on the Supplemental Register of the Respondent's trademark BEAMISH for stout. The registration was granted on the Supplemental Register

because the trademark BEAMISH was deemed by the Examiner to be primarily a surname.

Petitioner, Jim Beam Brands, went before the Trademark Trial and Appeal Board seeking cancellation of Respondent's trademark registration based on a likelihood of confusion with Petitioner's registered BEAM trademarks for distilled spirits. The Trademark Trial and Appeal Board denied Petitioner's cancellation petition. *James B. Beam Distilling Co. v. Beamish & Crawford Ltd.*, Cancellation No. 14221 (T.T.A.B. 1988), *rev'd*, 10 U.S.P.Q. 1317 (Fed. Cir. 1989), [Petitioner's Appendix, pp. 52a-67a].

The Petitioner appealed the decision of the Trademark Trial and Appeal Board and was successful in having the Respondent's registration of the mark BEAMISH cancelled due to a likelihood of confusion with the registered BEAM marks. *James B. Beam Distilling Co. v. Beamish & Crawford Ltd.*, 10 U.S.P.Q. 2d 1317 (Fed. Cir. 1989), [Petitioner's Appendix, pp. 46a-51a].

The Petitioner then sought to use the cancellation of the BEAMISH registration to prohibit the Responden' from using the mark BEAMISH for stout in the United States.

The Petitioner filed a trademark infringement suit in the Southern District of New York and subsequently moved for summary judgment based on collateral estoppel and res judicata.

The Southern District of New York mistakenly applied the doctrine of collateral estoppel in the infringement action and summarily enjoined Beamish & Crawford from further use in the United States of the trademark BEAMISH on stout. *Jim Beam Brands Co. v. Beamish & Crawford Ltd.*, 18 U.S.P.Q. 2d 1486 (S.D.N.Y. 1990), *vacated*, 937 F.2d 729 (2d Cir. 1991),

petition for cert. filed, No. 91-968 (Dec. 11, 1991), [Petitioner's Appendix, pp. 34a-45a].

Beamish & Crawford appealed the adverse infringement decision. The Second Circuit, after reviewing and accepting all the relevant facts, vacated and remanded the District Court's decision on the ground that collateral estoppel should not be applied in the present situation. The Second Circuit ruled that collateral estoppel was not applicable in this situation because the presentation of the BEAMISH trademark as actually used in commerce was not the form of the mark that was at issue during the cancellation proceeding. The Second Circuit also held that even if Beamish & Crawford is found to infringe Jim Beam's trademarks, the equities must be balanced before granting an injunction. *Jim Beam Brands Co. v. Beamish & Crawford Ltd.*, 937 F.2d 729 (2d Cir. 1991), *petition for cert. filed*, No. 91-968 (Dec. 11, 1991), [Petitioner's Appendix, pp. 5a-30a].

Petitioner is currently seeking review of this Second Circuit decision.

V. SUMMARY OF THE ARGUMENT

The Second Circuit decision is not in conflict with any other decision; nor does it fail to give finality to the decision of the Federal Circuit or any other Court or competent adjudicative body. The Second Circuit in its detailed opinion explained that the instant fact situation is different from other prior decisions and collateral estoppel did not apply under the facts of the present situation.

No procedural rules of Summary Judgment were violated by the Second Circuit decision because the evidence submitted to

oppose the Summary Judgment Motion by way of attorney's affidavit were documents and admissions.

Furthermore, the Second Circuit decision was correct in holding that if likelihood of confusion is eventually found, the District Court must balance the equities before issuing an injunction.

Therefore, the Second Circuit decision in the present case is correct and does not violate any established legal precedent. The Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit should be denied.

VI. ARGUMENT

A. The Decision of the Second Circuit Is Not in Conflict With Any Other Decision.

The Petitioner is incorrect in its recitation that the decision of the Second Circuit in *Jim Beam Brands Co. v. Beamish & Crawford Ltd.*, 937 F.2d 729, [Petitioner's Appendix, pp. 5a-30a], is in conflict with the decision of two other Circuits and with the principles of collateral estoppel as established in *Montana v. United States*, 440 U.S. 147 (1979).

i. There is No Conflict Between the Second Circuit Decision and Decisions From Other Circuits.

The holding of the Second Circuit in *Jim Beam Brands Co. v. Beamish & Crawford Ltd.*, 937 F.2d 729, is that the District Court erred in barring Beamish & Crawford under the principles of collateral estoppel from litigating whether or not there is a likelihood of confusion between BEAMISH and the BEAM trademarks because the prior cancellation proceeding

measured the typewritten mark BEAMISH appearing in the Federal Registration against the BEAM trademarks rather than the form of the BEAMISH mark as used in commerce. The Second Circuit was very clear in stating that collateral estoppel would apply if there had been identity of the issues. The Second Circuit recognized the factual differences between this case and the Seventh and Eighth Circuit cases where collateral estoppel was applied to the likelihood of confusion issue in an infringement suit based on a Registration proceeding finding. The Second Circuit stated:

> The other two, *EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc.*, 746 F.2d 375, 377-79 (7th Cir. 1984) and *Flavor Corp. of America v. Kemin Industries, Inc.*, 358 F.Supp. 1114, 1117-21 (S.D. Iowa, 1973), *aff'd*, 493 F.2d 275 (8th Cir. 1974) are distinguishable since those courts ruled that collateral estoppel applied because the TTAB had in fact examined the marks not only in the abstract but also in light of, *inter alia*, the manner in which they were affixed to the products in question and their appearance in sales and advertising materials.

Jim Beam Brands Co. v. Beamish & Crawford Ltd., 937 F.2d at 735, [Petitioner's Appendix, p. 23a].

This holding is perfectly consistent with the holding in *EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc.*, 746 F.2d 375 (7th Cir. 1984), wherein the court stated:

> *We do not here hold that a final decision of the Court of Appeals for the Federal Circuit affirming a decision of the T.T.A.B. always works an estoppel in subsequent trademark infringement and unfair competition actions.* The facts and proceedings underlying the court's decision must, of course, be scrutinized to determine that the issue upon which preclusion is sought was before the

> court, and that the previous proceedings afforded a fair opportunity to present the issue. However, *on the facts of this case,* we believe that the district court properly accorded collateral effect to the court of appeals' decision, and correctly determined that EZ could not thereafter prevail on any of the causes of action alleged in the complaint. Thus, we agree with the district court that summary judgment was appropriate.

Id. at p. 381. (emphasis added)

Thus, any reading of *EZ Loader*, 746 F.2d 375 and *Flavor Corp. of America v. Kemin Industries, Inc.*, 358 F.Supp. 1114 (S.D. Iowa, 1973), *aff'd*, 493 F.2d 275 (8th Cir. 1974), makes it clear that the trier of fact did evaluate and equally weigh the identical evidence in both the Patent and Trademark Office registration proceeding and in the District Court infringement proceeding, whereas the Second Circuit in the instant suit makes it clear that identity of issues is not present in this situation.

Petitioner is merely asking the Supreme Court of the United States to review a case that turned on the facts. Specifically, the Petitioner is asking the Supreme Court to review the facts of the present situation and decide that they were improperly determined. The impropriety of this request is reinforced by the fact that the District Court found and the Second Circuit adopted the finding that "the TTAB compared only the typewritten marks." *Jim Beam Brands Co. v. Beamish & Crawford Ltd.*, 18 U.S.P.Q. 2d at 1488 n.2, [Petitioner's Appendix, pp. 40a-41a n.2].

ii. There Is No Conflict With the Principles of Collateral Estoppel as Established in *Montana v. United States*, 440 U.S. 147 (1979).

The fundamental concept of collateral estoppel as stated in *Montana v. United States*, 440 U.S. 147 (1979) "is that a 'right, question or fact distinctly put in issue and directly determined by a court of competent jurisdiction... cannot be disputed in a subsequent suit between the same parties or their privies...' *Southern Pacific R. Co. v. United States*, 168 U.S. 1, 48-49, 18 S. Ct. 18, 27, 42 L.Ed. 355 (1897)." *Montana v. United States*, 440 U.S. at p. 153.

To correctly apply the doctrine, three inquiries are required, which are: 1) whether the issues presented are in substance the same as those resolved previously, 2) whether the controlling facts or legal principles have changed significantly, and 3) whether other special circumstances warrant an exception to the normal rules of preclusion. *Id.* at p. 155.

The Petitioner places great emphasis on the "inquiries" and specifically the language "in substance the same". The Petitioner incorrectly contends that the Second Circuit misapplied the "in substance the same" requirement when it held that collateral estoppel did not apply to the fact situation before it.

The Second Circuit concluded that the likelihood of confusion issue in the infringement proceeding was different from the likelihood of confusion issue in the registration proceeding and the infringement issue had not been determined in the registration proceeding.

More specifically, the Second Circuit stated:

> Collateral estoppel, or issue preclusion, prevents the relitigation of an issue that was raised, litigated, and actually decided by a judgment in a prior proceeding. *Lawlor v. National Screen Service Corp.*, 349 U.S. 322, 326, 75 S.Ct. 865, 867, 99 L. Ed. 1122 (1955); *Commissioner v. Sunnen*, 333 U.S. 591, 598, 68 S.Ct. 715, 719, 92 L.Ed. 898 (1948); *Balderman v. United States Veterans Administration*, 870 F.2d 57, 62 (2d Cir. 1989); *Tucker v. Arthur Andersen & Co.*, 646 F.2d 721, 728 (2d Cir. 1981); *Restatement (Second) of Judgments* §27 (1982). Issues that may bear the same label are nonetheless not identical if the standards governing them are significantly different. *See, e.g., Cullen v. Margiotta*, 811 F.2d 698, 732 (2d Cir.) *cert. denied*, 483 U.S. 1021, 107 S.Ct. 3266, 97 L.Ed. 2d 764 (1987). If an issue was not actually decided in a prior proceeding, or if its decision was not necessary to the judgment, its litigation in a subsequent proceeding is not barred by collateral estoppel. *See e.g., Brown v. Felsen*, 442 U.S. 127, 139 n. 10, 99 S.Ct. 2205, 2213 n.10, 60 L.Ed. 2d 767 (1979); *Balderman v. United States Veterans Administration*, 870 F.2d at 62. These principles make collateral estoppel inapplicable here.

Jim Beam Brands Co. v. Beamish & Crawford, Ltd., 937 F.2d at 734, [Petitioner's Appendix, p. 18a].

B. The Decision of the Second Circuit Does Not Fail to Give Finality to the Federal Circuit's Decision.

The Second Circuit did not fail to give the Federal Circuit's finding of likelihood of confusion in the present situation final effect. As pointed out above, the Second Circuit analyzed the

record of the registration proceeding on which the Federal Circuit's decision is based and agreed with the District Court Opinion that the registration proceeding failed to measure the appearance of the BEAMISH mark as used in commerce against the BEAM registrations. This lack of actual litigation of an issue necessary to the infringement cause of action compelled the Second Circuit to overturn the application of collateral estoppel and require Jim Beam to prove that there is a likelihood of confusion between the BEAM marks for bourbon and whiskey and BEAMISH for stout as actually used in commerce.

Petitioner's point made throughout its Petition for a Writ of Certiorari that the Second Circuit failed to accord finality to the decision of the Federal Circuit is untenable. The Federal Circuit's decisions are final as to that which is decided; i.e., that a registration may or may not be granted in a particular case. The Second Circuit has simply said that collateral estoppel on the issue of likelihood of confusion does not apply unless it is the same issue that had been actually decided in the prior registration proceeding. The Second Circuit has not made any "broad new rule of law that decisions of the Federal Circuit on the issue of likelihood of confusion simply are not final and binding". Jim Beams' Petition for A Writ of Certiorari, p. 28.

Petitioner's point urged at pages 23-24 of its Petition for a Writ of Certiorari that the Second Circuit's leading authority, 2 J. McCarthy, *Trademarks and Unfair Competition*, §32:31 (2d ed. 1984), recommends only that collateral estoppel be applied with a "scalpel, not a sledge hammer", *id.* §32:31 at 738, is exactly what the Second Circuit did. The Second Circuit's decision can not in any way be interpreted as a mandate refusing finality to the Federal Circuit findings as a matter of law.

Petitioner's reliance on *Brenner v. Manson*, 383 U.S. 519 (1966) is inapposite. This Court, in recognizing that the Court of Customs and Patent Appeals (the predecessor of the Federal Circuit) was an Article III Court, went out of its way to observe that the decisions of the Court (C.C.P.A.) would not necessarily be res judicata for subsequent proceedings between the same parties. *Id.* at. p. 526 n. 11.

C. No Procedural Rules of Summary Judgment Are Violated by the Second Circuit Decision.

The Petitioner's quarrel with the propriety of a reversal of a summary judgment motion on the basis of *Celotex Corp. v. Catrett*, 477 U.S. 317 (1986) and *Anderson v. Liberty Lobby Inc.*, 477 U.S. 242 (1986) ignores the Federal Rules of Evidence applicable to the District Court proceedings.

Petitioner, in moving for summary judgment, submitted its evidence through an attorney's affidavit. Respondent similarly submitted evidence by way of attorney's affidavit to which no objection was made. The evidence that Respondent submitted was documentary evidence of the type which is acceptable for the truth contained therein. Specifically, the documentary evidence was the type meeting the Federal Rules of Evidence, Rule 810(d)(2) [admission by a party-opponent], Rule 803(8) [pubic records] and Rule 803(16) [statements in ancient documents].

Thus, a perfectly proper record was presented to the Second Circuit and reliance was not made on anything beyond the record.

D. The Equities Must Be Considered Before An Injunction Can Be Granted.

Petitioner's fourth question presented on page ii of its Petition for a Writ of Certiorari is backwards. The Second Circuit in its decision was alert to the requirement as stated by this Court in *Weinberger v. Romero-Barcelo*, 456 U.S. 305 (1982) that before granting an injunction, the equities are to be considered. The Second Circuit not only reversed the collateral estoppel holding, but instructed the District Court that if likelihood of confusion is eventually found on any basis, the equities must be balanced before an injunction can be granted. *Jim Beam Brands Co. v. Beamish & Crawford, Ltd.*, 937 F.2d at 737, [Petitioner's Appendix, p. 29a].

E. The Federal Circuit has not Been Recognized as Having Expertise in Trademark Infringement Matters

Petitioner's point at page 17 of the Petition for a Writ of Certiorari that Congress in creating the Federal Circuit in some way implied expertise in trademark matters to the Federal Circuit is inconsistent and illogical. By virtue of the fact that the Federal Circuit has been granted exclusive appellate jurisdiction in patent cases indicates a recognized expertise in patent matter whereas the denial of exclusive jurisdiction in trademark cases indicates the absence of expertise in trademark infringement matters. 28 U.S.C. §1295.

VII. CONCLUSION

Jim Beam Brand's Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit should be denied because there is neither a conflict with a decision of another Circuit nor with a decision of this Court.

Similarly, the Second Circuit did not depart from the accepted and usual course of judicial proceedings in overturning the grant of summary judgment.

The Petitioner, in its Petition, is merely trying to obtain another review of facts already found by the District Court and accepted by the Second Circuit.

Respectfully submitted,

THOMAS M. GIBSON
Counsel of Record for Petitioner
HEDMAN, GIBSON & COSTIGAN, P.C.
1185 Ave. of the Americas
New York, NY 10036-2711
(212) 302-8989

Of counsel:

MARTIN P. ENDRES
HEDMAN, GIBSON & COSTIGAN, P.C.
1185 Ave. of the Americas
New York, NY 10036-2711
(212) 302-8989

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